

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

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Boston Edison Company	)	
Cambridge Electric Light Company	)	D.T.E. 05-85
Commonwealth Electric Company	)	
NSTAR Gas Company	)	
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**PETITION TO INTERVENE OF DOMINION RETAIL, INC.**

Pursuant to G.L. c. 30A, § 10, 220 CMR 1.03, and the December 7, 2005 Order of Notice issued by the Department of Telecommunications and Energy (“Department”), Dominion Retail, Inc. (“Dominion Retail”) hereby petitions to intervene as a party in this docket. In support of its petition, Dominion states as follows:

1. Dominion Retail is an electricity supplier licensed to sell electricity at retail in the states of Pennsylvania, Ohio, Virginia, Maryland, Maine, Connecticut, Massachusetts, New Jersey, Rhode Island and the District of Columbia. Presently, Dominion Retail serves a total of some 200,000—mostly residential and small commercial—customers on various electric distribution companies in the states of Massachusetts, Connecticut, Maine, Pennsylvania, Ohio and New Jersey.

2. Dominion Retail is represented in this proceeding by the undersigned and the following persons:

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3. On December 7, 2005, the Department issued an Order of Notice soliciting interventions concerning a proposed Settlement Agreement filed on December 6, 2005 by

Boston Edison Company, Cambridge Electric Light Company, Commonwealth Electric Company (collectively “NSTAR Electric”), NSTAR Gas Company (“NSTAR Gas” and, collectively with NSTAR Electric, “the Companies”) and the Attorney General of Massachusetts (the “Attorney General”), the Low-Income Energy Affordability Network, and Associated Industries of Massachusetts (collectively with the Companies the “Settling Parties”). The proposed Settlement Agreement addresses issues that would be raised by the Companies’ base rate case, which the Settlement Agreement states would have been filed pursuant to G.L. c. 164, § 94 had the proposed settlement reflected in the Agreement not have been reached, and other matters. Specifically, the proposed Settlement Agreement contains the following elements:

- A rate plan for NSTAR Electric;
- A rate plan for NSTAR Gas;
- Proposed treatment of matters related to the merger of NSTAR Electric;
- Expansion of Boston Edison Storm Fund for NSTAR Electric;
- Procurement initiatives for NSTAR Electric and NSTAR Gas;
- Customer service quality, Safety and Reliability programs;
- Proposed debt/equity capital structure for NSTAR Electric in its pending local transmission service tariff cases, FERC Docket ER05-742; and
- Proposed continuing discussions about possible adjustments to the low-income discount rates of NSTAR Electric and NSTAR Gas.

4. As required by 220 CMR 1.03, Dominion Retail will be substantially and specifically affected by the proposed Settlement Agreement. As a competitive supplier that serves residential and small business customers primarily, Dominion Retail competes

directly with the basic electric service offered by distribution utilities such as NSTAR Electric. At this point, more than 99 percent of small customers still take basic electric service on the Boston Edison and Cambridge Electric systems, and a little under 50 percent on the Commonwealth Electric system (where the Cape Light Compact serves a substantial portion of this customer segment). Because of its dominant place in the competitive landscape, the design and procurement of basic electric service has a direct impact on competitive suppliers such as Dominion Retail that focus on small customers. The proposed Settlement Agreement's treatment of procurement for residential customers (Section 2.21 of the Settlement Agreement), in which basic electric service would be procured by means of staggered one-year, two-year, and three-year contracts, would substantially and specifically affect Dominion Retail in its efforts to compete with basic electric service for customers.

5. Moreover, the proposed rate plan for NSTAR Electric will also substantially and specifically affect Dominion Retail. As the testimony of James J. Judge in support of the underlying base rate filing states, it has been over a dozen years since a fully-adjudicated base rate case was conducted for any of the utilities that NSTAR Electric will comprise. In the meantime, a great deal has happened in the electric industry in Massachusetts, including the restructuring of the industry, unbundling of rates, and divestiture of generating assets required by the 1997 Electric Restructuring Act. It has been Dominion Retail's experience that the proper allocation of costs among competitive and non-competitive functions is essential where the distribution utility continues to participate in the retail generation market, as all Massachusetts investor-owned utilities do through their basic electric service offering. Improper cost allocation between competitive and

non-competitive functions can distort the retail electric market to the detriment of consumers and suppliers alike. It will be important to scrutinize the proposed Settlement Agreement and supporting evidence to ensure that the opportunity to examine and fully adjudicate a base rate filing for each of the utilities is not forgone without attaining a complete understanding of what the approximate result of such an adjudication would have been. Dominion Retail has a substantial and specific interest in the outcome of such an investigation.

6. Dominion Retail has not yet determined the extent of its participation in this docket, but reserves its right to participate fully by attending hearings and technical sessions, presenting evidence, cross-examining witnesses and presenting oral and written argument if necessary to protect its interests.

**WHEREFORE**, for the reasons set forth above, Dominion Retail respectfully requests that this Petition to Intervene be granted.

Respectfully submitted,

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Dated: December 20, 2005

### **Certificate of Service**

I hereby certify that a copy of the foregoing document was served by messenger or Federal Express, upon the following on this 20<sup>th</sup> Day of December, 2005:

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